

KEY BISCAYNE POLICE OFFICERS' & FIREFIGHTERS' RETIREMENT PLAN

Village Council Chambers
560 Crandon Blvd., Key Biscayne, FL 33149
REGULAR MEETING OF MAY 24TH, 2012

1. Call to Order – Secretary Servando Parapar called the meeting of the Key Biscayne Police Officers' & Firefighters' Retirement Plan to order at 5:36 P.M.

Roll Call

Present

Servando M. Parapar, Secretary
Jose L. Monteagudo
Martha Broucek

Absent

Michael Haring, Chairman

OTHERS PRESENT: Blake Myton from SunTrust, Burgess Chambers from Burgess Chambers & Associates, J. Stephen Palmquist from Gabriel Roeder Smith & Co., Village Manager John C. Gilbert, Robert Abad, President of the Firefighters' Local, Alison S. Bieler, Esq., from Cypen & Cypen, Attorneys for the Plan and Joan L. Wall, Administrator.

2. Additions/ Deletions to Agenda – Firefighters' Union President Robert Abad asked to be placed on the agenda to discuss the February 2012 Pension Reform Special Studies prepared by Actuarial Concepts for the Village Council. He presented copies to the trustees. Attorney Bieler stated the item should be placed on the next agenda as informational only.

Secretary Parapar presented a copy of Florida Pensions for April, 2012, that he had recently received and requested that copies be provided to all trustees.

3. Approval of Minutes for March 22nd, 2012. Secretary Parapar presented the minutes from the previous meeting for approval. Jose Monteagudo moved to approve. Martha Broucek seconded the motion. The motion carried unanimously.

4. Approval of Invoices. Secretary Parapar presented the invoices listed on the agenda for approval and payment. Jose Monteagudo moved to approve payment. Martha Broucek seconded the motion. The motion carried unanimously, authorizing payment of the following:

SunTrust Bank, Qtr Ending 3/31/12, Inv #238599, 4/24/12 \$ 813.80

SunTrust Bank, Qtr Ending 3/31/12, Inv #238601, 4/24/12	<u>\$8,074.84</u>	
<u>TOTAL</u>		\$ 8,888.64
Gabriel Roeder Smith & Co., Inv #118273, 4/9/12	\$1,110.00	
Gabriel Roeder Smith & Co., Inv #118496, 5/11/12	<u>\$1,272.00</u>	
<u>TOTAL</u>		\$ 2,382.00
Joan L. Wall, Administrator, 3/16 – 5/17/12, 38 ¾ hrs, plus expenses		\$ 1,819.71

5. Approval of Refund of Pension Contributions. Secretary Parapar presented the request for a refund of pension contributions as listed on the agenda. Jose Monteagudo moved to approve payment. Martha Broucek seconded the motion. The motion carried unanimously, authorizing payment of the following:

F/F Gabriel Orta, H/D 1/22/2007, T/D 4/20/12, Contributions \$34,288.45, less 20% Mandatory WH Tax of \$6,857.69, Net Check of	\$27,430.76
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6. UNFINISHED BUSINESS – None.

NEW BUSINESS

7. a) Pending Retirement – John C. Gilbert, Fire Department, benefits to commence at a later date per agreement with Village. Former Fire Chief and new Village Manager John C. Gilbert reviewed with the trustees his decision to delay the commencement and receipt of his retirement benefits. Mr. Gilbert stated that under his employment agreement with the Village, effective February 12th, 2012, to serve as the Village Manager, he voluntarily agreed to postpone receipt of his retirement benefits because of his continued employment with the Village.

7. b) J. Stephen Palmquist from Gabriel Roeder Smith & Company – Presentation of October 1, 2011 Actuarial Valuation. The required contribution for FYE 9/30/12, based on the 10/1/10 Valuation is 15.94% of covered payroll less \$280,602 allowable State contribution, resulting in the Village contribution of 11.97% of covered payroll. For the FYE 9/30/13 the required contribution, based on the 10/1/11 Valuation is 18.24% of covered payroll, less the same allowable State contribution resulting in 14.33% of covered payroll, an increase of 2.3%. The only change in the plan was allowing police officers to participate in the DROP, which did not have an actuarial impact on the plan. The investment return assumption was reduced from 8.5% to 8.0% by the board. Other than that there were no other changes or no new hires. GRS was recommending lowering the investment return assumption further and consideration of adoption of a more current mortality assumption. There was a net actuarial gain of \$404,348 for the year due primarily to less than expected salary increases. Jose Monteagudo moved to accept the report. Martha Broucek seconded the motion. The motion carried unanimously. The trustees requested the copy for the new finance director, Vivian Parks, be sent to the Village Clerk.

7. c) Adoption of Expected Assumption Rate of Return on Investments for current year, next year and going forward (required by Division of Retirement)

After considerable discussion and input from Burgess Chambers who recommended 8% stating it had a 75% probability of attainment and possibly the three year return would reach 14%, Jose Monteagudo moved to adopt 8% as the expected investment rate of return for the current year, next year and going forward on the advice of the investment consultant. Martha Broucek seconded the motion. The motion carried unanimously.

7. d) Blake Myton from SunTrust – Investment/Market Report. The S&P 500 had its best start since 1998, while the Dow Jones Industrials Average reached 13,000 for the first time since May, 2008. The employment picture has strengthened. SunTrust has seen a noteworthy decline in overall volatility this year, especially on the downside, with the first two months void of declines of more than one percent. While a correction would not be surprising given the strong start to the new year, SunTrust's outlook remains positive.

Steve Palmquist was excused at 6:40 P.M.

7. e) Burgess Chambers from BCA – Performance Report for Quarter Ending March 31st, 2012. Mr. Chambers briefly reviewed his report for the DROP & SHARE Plans. For the quarter the total fund earned 8.6% or \$1.4 million, beating the model portfolio and ranking in the top 21st percentile of the BNY-Mellon public funds universe. For the one year period the fund earned \$769K, or 4%, behind the model portfolio return of 5.9%, with the difference due to large cap and mid cap equity returns. For the three year period the fund earned on average 14.9% per year, well ahead of the actuarial assumption rate. For the five year period, the fund's net return was in line with the model portfolio (4.1% vs. 4.2%) and ranked in the top 15th percentile in the BNY-Mellon public funds universe. As of March 31st, 2012, the total market value was \$18,362,187.30 with an asset allocation of the following:

Fixed Income	30.73%
Large Cap Growth	13.16%
Large Cap Value	11.38%
International	10.36%
Mid Cap	10.08%
Small Cap	6.88%
Large Cap Core	6.46%
Cash	4.87%
REIT	4.85%
TIPS	1.23%

7. f) Annual Determination of the Fee to be charged (on a monthly basis) to each individual DROP Plan participant (per action taken on May 26th, 2011). Chairman Haring had requested prior to the meeting to continue this matter until the next meeting. The trustees continued the matter per his request.

7. g) Schools & Conferences – FPPTA 28th Annual Conference to be held June 24th through 27th, 2012 at the Hilton Disney in Orlando.

8. Trustees' Concerns. Martha Broucek stated she would remind Village Council to make an appointment to fill the vacancy on the board that occurred when Steve Liedman moved out of Key Biscayne.

9. REPORTS

- **Attorney** – None
- **Administrator**
 - Status of 2011 Annual Report. The Village CAFR had been received earlier this week and would be sent to the Division of Retirement.
 - Financial Disclosure Forms for 2011 are due by July 1st, 2012. Attorney Bieler requested the form be provided via email to the trustees, with a hard copy to Martha Broucek. She further instructed them to complete the form in blue ink, make a copy for their personal files and send the form via certified mail to the Supervisor of Elections in the county in which they reside.
- **Other** – Included with agenda packages are the following:
 - March & April, 2012 Securities Monitoring Reports
 - SunTrust 2011 Addendum to Float Disclosure

10. Input from Active/Retired Members – P/O Nelia M. Real was injured/shot on May 10th, 2012 during an altercation on the turnpike as a result of stopping to help an accident victim. A disability package has been sent to P/O Real.

11. Next Meeting Date/Adjournment. Secretary Parapar stated the next regular meeting was set for Thursday, July 26th, 2012 at 5:30 P.M. There being no further business before the board, Martha Broucek moved to adjourn at 7:20 P.M. Jose Monteagudo seconded the motion. The motion carried unanimously.

Respectfully submitted,

Servando Parapar, Secretary